



DEPARTMENT OF CONSERVATION
STATE OF CALIFORNIA

December 16, 2002

Notice

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GRAY DAVIS
GOVERNOR

To: All Interested Parties

Subject: 2003 Processing Payments and Processing Fees

Section 14575 of the Public Resources Code (PRC) requires the Department of Conservation (Department) to establish a processing payment and processing fee for any beverage container type which has a scrap value less than the cost of recycling. (The Department makes processing *payments* to processors. Processors pay recyclers the entire processing payment. Beverage manufacturers pay processing *fees* to the Department.) This Notice announces the 2003 processing payments and fees.

Pursuant to Section 14575 of the Public Resources Code (PRC), the calculation of the 2003 processing payments and fees is based on the difference between the scrap value offered to recyclers and the sum of actual cost for certified recycling centers, excluding centers receiving handling fees, and a reasonable financial return. As actual costs have not been determined for non-PET plastics, costs are based on Section 14575(d) to equal \$642.69 and processing payments and fees are determined in the same manner as in the initial calculation pursuant to Section 14575(b).

Scrap values are based on the average scrap values paid to recyclers for the period between October 1, 2001 to September 30, 2002.

Manufacturers pay a base, per-container processing fee equal to 65 percent of the per-container processing payment. Subject to the availability of funds, the Act requires the Department to reduce the processing fee paid by beverage manufacturers to equal 25 percent of the per-container processing payment.

In compliance with a recent appellate court decision, the processing fees are required to be based on sales with no factor applied to account for the containers returned for recycling.

Table I, attached, shows for glass, plastic and bimetal beverage containers:

- The cost of recycling
- The scrap value paid to recyclers
- The total processing payment (if any)
- The processing fee payable by manufacturers (if any)

The processing payments and fees shown in Table I become effective January 1, 2003.

Note to Certified Recyclers: If a receipt and log period overlaps the January 1, 2003 effective date of the new processing payments, the Department recommends that one DR6 be filled out for the period of the old processing payment and another DR6 be filled out for the period of the new payment. Failure to separate the weights may delay your payment. The Department will only make payments at the lower rate for the entire period covered by each overlapping DR6.

To review notices of changes impacting participants in the beverage container recycling program, please visit the Department of Conservation's Beverage Container Recycling Home page on the Internet <http://www.consrv.ca.gov/dor/index.htm> or call the Division of Recycling at (916) 323-3836.

For further information on processing payments and processing fees, please contact Chuck Seidler, Market Research Branch, Division of Recycling, at (916) 323-5778.

Darryl Young
Director

Attachments

Table I										
2003 Processing Payments and Fees										
Effective January 1, 2003										
Glass, Plastic and Bimetal										
	Glass	Plastic							Bimetal	
		PET	HDPE	Vinyl	LDPE	PP	PS	Other		
Cost of Recycling per Ton with Reasonable Financial Return	\$88.73	\$600.90	\$642.69	\$642.69	\$642.69	\$642.69	\$642.69	\$642.69	\$642.69	\$364.47
Scrap Value per Ton	\$9.58	\$87.53	\$130.89	\$15.34	\$0.00	\$0.00	\$0.00	\$0.00	\$11.26	\$0.18
Processing Payments to Recyclers										
Per Ton Redeemed	\$79.15	\$513.37	\$511.80	\$627.35	\$642.69	\$642.69	\$642.69	\$631.43	\$642.69	\$364.29
Per Pound Redeemed	\$0.03958	\$0.25669	\$0.25590	\$0.31368	\$0.32135	\$0.32135	\$0.32135	\$0.31572	\$0.32135	\$0.18215
Containers Per Pound	1.87	11.2	4.6	9.3	38.9	12.5	69.8	9.1	7.6	7.6
Payment Per Container	\$0.02116	\$0.02292	\$0.05563	\$0.03373	\$0.00826	\$0.02571	\$0.00460	\$0.03469	\$0.00460	\$0.02397
Processing Fee to be Paid by Beverage Manufacturers										
2003 Processing Fee to Be Paid by Beverage Manufacturers per Container Sold	\$0.00529	\$0.00573	\$0.01391	\$0.00843	\$0.00207	\$0.00643	\$0.00115	\$0.00867	\$0.00115	\$0.00599